

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00
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E.O. 11652: N/A
TAGS: EFIN, ETRD, DR
SUBJECT: AMBASSADOR'S MEETING WITH CENTRAL BANK GOVERNOR PERICHE

1. AMBASSADOR, ACCOMPANIED BY E/C COUNSELOR, CALLED ON GODR CENTRAL BANK GOVERNOR ING. FERNANDO PERICHE VIDAL JUNE 6 FOR COMBINATION COURTESY CALL AND DISCUSSION OF GODR ARREARAGES.

2. THE AMBASSADOR REVIEWED THE GODR'S DEBT ARREARAGES, INCLUDING: CDE'S DEBT TO EXIMBANK (\$2.2 MILLION DIRECT AND \$3.8 MILLION GUARANTEED); CDA'S DEBT OF \$395,000 GUARANTEED BY EXIMBANK; FMS ARREARAGES OF OVER \$714,000; PL-480 ARREARAGES OF \$36,000; AND OVERDUE AID LOAN PAYMENTS OF \$2.6 MILLION. HE EMPHASIZED WASHINGTON'S CONCERN WITH THESE ARREARAGES, WHILE NOTING THE IMPORTANCE OF TIMELY DEBT PAYMENT TO THE DR'S CREDIT-WORTHINESS.

3. GOVERNOR PERICHE RESPONDED BY NOTING THAT THE GODR HAS A RECORD OF PAYING ALL ITS DEBTS, ALBEIT SOMEWHAT SLOWLY. HE SAID THAT MUCH OF THE PROBLEM WAS DUE TO THE GODR BUREAUCRACY (AN OBLIQUE REFERENCE OT PRESIDENT BALAGUER'S INSISTENCE ON PERSONALLY APPROVING EVERY GODR PAYMENT). PERICHE NOTED THAT THE TOTAL OF THESE DEBTS IS LARGE, BUT PROMISED TO DO WHAT HE

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COULD TO RESOLVE THE PROBLEM. PERICHE EXPECTS THE MONETARY BOARD TO APPROVE PAYMENT TO EXIM OF CDA'S DEBT WITHIN THE NEXT TWO WEEKS.

4. IN REPOSE TO THE AMBASSADOR'S QUESTION RE PERICHE'S BACKGROUND, THE CENTRAL BANK GOVERNOR INDICATED THAT HE IS AN ENGINEER BY TRAINING, THOUGH HIS CAREER HAS FOCUSED ALMOST TOTALLY ON

ECONOMIC ACTIVITIES IN THE GODR. HE NOTED WITH PRIDE THAT DOMINICAN EXPORTS INCREASED FOURFOLD DURING HIS FOUR YEAR TENURE AS DIRECTOOF CEDOPEX.

5. IN OVERVIEW OF THE CURRENT ECONOMIC SITUATION IN THE DR, PERICHE CONFIRMED THE EMBASSY'S BELIEF THAT THINGS WILL BE TIGHT, AT LEAST IN 1978. HE SAID THAT THE GODR WOULD NEED EXTERNAL ASSISTANCE (HE ESTIMATES \$150 MILLION), AND WOULD BE LOOKING TO THE U.S. FOR WHATEVER ASSISTANCE IT COULD PROVIDE. HE REFERRED AGAIN TO THE \$88 MILLION THAT HE CLAIMED THE U.S. TREASURY WOULD EARN THIS YEAR AS A RESULT OF IMPORT DUTIES AND FEES ON DOMINICAN SUGAR, AND SUGGESTED THAT EVEN IF WE COULD NOT REVERT THESE MONIES TO THE DR, PERHAPS WE COULD DO SOMETHING SPECIAL FOR THE DR WITH FUNDS UP TO THE EQUIVALENT AMOUNT.

6. PERICHE INDICATED THAT HE PLANS TO ATTEND THE JUNE 19-23 WASHINGTON MEETING OF THE CARIBBEAN GROUP FOR COOPERATION IN ECONOMIC DEVELOPMENT.
AXELROD

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